

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**SB 240**

January 28, 2021

**SUMMARY OF BILL:** Requires the records of certain associations or nonprofit corporations not open for public inspection be audited by the Comptroller of the Treasury (COT) or the COT's designee. Requires the COT or the COT's designee to annually audit an insurance pool, special fund, reserve fund, or legal or administrative entity administering such funds.

**ESTIMATED FISCAL IMPACT:**

**NOT SIGNIFICANT**

Assumptions:

- Pursuant to Tenn. Code Ann. § 10-7-503, associations or nonprofit corporations that were established for the benefit of local governments which receive at least 30 percent of their total annual income from local governments and who participate in the Tennessee Consolidated Retirement System are required to undergo an annual audit, conducted in accordance with standards established by the COT.
- Pursuant to Tenn. Code Ann. § 29-20-401(g)(1), an insurance pool, special fund, reserve fund, or legal or administrative entity administering any such pool or fund created and authorized under this section is required to be audited annually in accordance with standards established by the COT.
- According to the COT, firms are hired to perform audits of local governmental entities and the described pools and funds, via a three-party contract between the specific entity, the firm, and the COT.
- Firms auditing such associations or nonprofit corporations and such pool and funds currently fall under this three-party contract system; therefore, any increase in expenditures associated with audits is considered not significant.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Bojan Savic". The signature is written in a cursive style with a large, stylized 'B' and 'S'.

Bojan Savic, Interim Executive Director

/lm